



Business of the City Council City of Gig Harbor, WA

Subject: Gig Harbor Canoe and Kayak Race Team Lease at Ancich Park – Second Amendment

Proposed Council Action: Approve and authorize the Mayor to execute the Second Amendment to the Ancich Park Lease and Agreement for Services with the Gig Harbor Canoe and Kayak Race Team.

Dept. Origin: Public Works

Prepared by: Jeff Langhelm, PE
Public Works Director *JL*

For Agenda of: June 14, 2021

Exhibits: Second Amendment

	Initial & Date
Concurred by Mayor:	<i>JL 6-8-21</i>
Approved by City Administrator:	<i>RL 6/07/2021</i>
Approved as to form by City Atty:	<i>VIA EMAIL 6/12/21</i>
Approved by Finance Director:	<i>DF 6/7/21</i>
Approved by Department Head:	<i>JL 6/7/21</i>

Expenditure Required	\$0	Amount Budgeted	\$ 0	Appropriation Required	\$ 0
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INFORMATION/BACKGROUND

The City and Gig Harbor Canoe and Kayak Race Team (Team) have been engaged in discussions since 2017 to coordinate the construction of the human-powered watercraft floats at Ancich Park, now known as the Community Paddler’s Dock (Dock). As part of the Agreement the Team agreed to attempt to fund raise \$500,000 towards the \$1.2 million project costs of Dock. Subsequently, the Team donated \$60,421.86 towards the project costs between 2018 and February 2020.

In early 2020 the City intended on pursuing the design and construction of the Dock with a goal of completing the Dock in 2020. By March 2020 the first lease amendment was adopted that established fundraising obligations of the Team and the mandatory milestones for the donations whereby the Team would donate no less than \$500,000 towards the \$1.4 million project costs estimated in 2020.

In August 2020 a change in the layout for Dock was adopted by the City due to the City subleasing a portion of an existing private aquatic lease. This change in the layout for the Dock provided less view blockage of Gig Harbor bay from the shoreline and lowered project costs for the Dock. Prior to the design consultant providing an initial cost estimate for the revised scope the City Council adopted the 2021 budget to fully fund the Dock without additional donations from GHCKRT based on an anticipated project cost of \$400,000. However, the Dock is now at final design and the project cost is estimated at \$730,000 and the City is considering alternatives to provide additional funding for the Project.

The proposed second amendment to the Ancich Park Lease and Agreement for Services is based on proposed revisions discussed at the June 3 council study session. The key terms modified in the attached version of the second amendment include:

1. Establishing the minimum donation amount of \$150,000, not including any previous donations provided from the Team;
2. The extension of the initial term will be 15 years from the date of certificate of occupancy of the public low-profile float system at the Property; and
3. Remedies in case the donations are not provided to the City on the established timeline.

FISCAL CONSIDERATION

The proposed second amendment will reallocate funding for the Community Paddler's Dock by reducing the City's obligation for the project by at least \$150,000.

BOARD OR COMMITTEE RECOMMENDATION

This second amendment has not been presented to a board or committee for their review.

RECOMMENDATION/MOTION

Approve and authorize the Mayor to execute the Second Amendment to the Ancich Park Lease and Agreement for Services with the Gig Harbor Canoe and Kayak Race Team.

**SECOND AMENDMENT
TO
AGREEMENT FOR SERVICES BETWEEN
THE CITY OF GIG HARBOR AND
GIG HARBOR CANOE/KAYAK RACING TEAM**

THIS SECOND AMENDMENT is made to that certain Agreement for Services dated December 18, 2017_(the "Agreement") and First Amendment dated April 8, 2020, by and between the City of Gig Harbor, a Washington municipal corporation (hereafter the "City"), and Gig Harbor Canoe/Kayak Racing Team (hereafter "GHCKRT") a Washington nonprofit.

RECITALS

WHEREAS, the Parties have been engaged in discussions since 2017 to coordinate the construction of the human-powered watercraft floats at Ancich (the "Project"); and

WHEREAS, as part of the Agreement the GHCKRT agreed to attempt to fund raise \$500,000 towards the \$1.2 million project costs of such floats estimated in 2018; and

WHEREAS, between 2018 and February 2020, GHCKRT donated \$60,421.86 towards the project costs; and

WHEREAS, in March 2020 the Parties desired to formally include within this lease agreement the fundraising obligations of the GHCKRT and the mandatory milestones for such donations as part of first lease amendment; and

WHEREAS, when the first lease amendment was adopted in March 2020 the City intended on pursuing the Project with a goal of completion in 2020 and proceeded with the understanding that GHCKRT would donate no less than \$500,000 towards the \$1.4 million project costs estimated in 2020; and

WHEREAS, the first amendment was executed along with a Memorandum of Understanding of Funding Obligation (UFO); however, the project has evolved since the UFO was executed and the proposed second amendment no longer requires the UFO; and

WHEREAS, the City revised the scope of the Project in August 2020 due to the City subleasing a portion of an existing private aquatic lease, provided less view blockage of Gig Harbor bay from the shoreline, and lowered project costs; and

WHEREAS, prior to the design consultant providing an initial cost estimate for the revised scope the City Council adopted the 2021 budget to fully fund the Project without additional donations from GHCKRT based on an anticipated project cost of \$400,000; and

WHEREAS, the Project is at final design and the project cost is estimated at \$730,000 so the City is considering alternatives to provide additional funding for the Project; and

WHEREAS, the City and GHCKRT agrees to work together to fund the Project by adjusting the terms of the existing lease for the new donation amount being requested by the City to be not less than \$150,000, not including any previous donations provided from GHCKRT to the City for this project; and

NOW, THEREFORE, in consideration of the mutual promises set forth herein, it is agreed by and between the parties in this Amendment as follows:

1. **Rent Adjustments.** Section 3.2 of the Agreement is amended to read as follows:

Rental Adjustments. Beginning January 1, 2019, the base rent under this Agreement shall increase or decrease annually in an amount equal to the increase or decrease in the CPI for the Seattle-Tacoma-Bellevue area for the June-to-June time period for the prior year, if any.

2. **Rent Credit.** Section 3.3 of the Agreement shall be deleted and replaced with the following:

GHCKRT agrees to undertake a Capital Campaign no later than 2021 with the goal of raising funds towards the development and construction of a public low-profile float system at the Property. The City agrees that GHCKRT shall have a credit against any current and future rent or other monies owed by GHCKRT under this Lease and any renewals or extensions in the same amount as any and all funds donated to the City by GHCKRT for the Project or for design, permitting, or construction of watercraft storage racks to be used by the public installed in the public portion of the Ancich Waterfront Park Boat Storage Building. In no case will any credit be in excess of actual monies owed under this lease or any extensions.

3. **Extensions and Conditions.** Section 4.1 of the Agreement shall be deleted and replaced with the following:

4.1 Initial Term and Renewal. The initial term of this lease shall be from June 28, 2019 until the Certificate of Occupancy is issued by the City for the public low-profile float system at the Property. Thereafter there shall be a fifteen

(15) year Renewal Term commencing on the date the Certificate of Occupancy is issued by the City for the public low-profile float system at the Property and expiring fifteen (15) years later, unless terminated sooner pursuant to the terms and conditions of this lease.

The Parties agree that the term and extensions for this Lease will be controlled by the following terms:

i. GHCKRT shall provide an initial donation of \$75,000 to the City on or before October 1, 2021. Failure to timely make the initial donation shall result in the Renewal Term being terminated on July 1, 2023.

ii. GHCKRT shall provide a second donation of \$75,000 to the City on or before December 31, 2021. Failure to timely make the second donation shall result in the Renewal Term being terminated on July 1, 2025.

iii. Donations may be made on a rolling basis, no more often than every 90 days, as long as the cumulative total of all donations within the relevant period meet or exceed the required installment amounts.

iv. The donations outlined in i and ii above shall not include any amounts donated prior to the execution of this Second Amendment.

4. Extensions and Conditions. Section 4.2 of the Agreement shall be deleted in its entirety.

EXCEPT AS EXPRESSLY MODIFIED BY THIS AMENDMENT, ALL TERMS AND CONDITIONS OF THE AGREEMENT AND SUBSEQUENT AMENDMENT SHALL REMAIN IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, the parties have executed this Amendment on this _____ day of _____, 2021.

[Signatures on following page]

GIG HARBOR CANOE/KAYAK
RACE TEAM

By: _____
Signature

Printed

CITY OF GIG HARBOR

By: _____
Mayor Kit Kuhn

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney